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a large fraction of the gold now in the country. Most students will also find much from which to dissent in following through the argument that credit is comparatively unimportant as a price-determining factor because it is usually called into being after prices have been fixed. Does not the *availability* of credit have considerable to do in determining whether and at what prices transactions shall be made? And after the credit has once been created does not its use affect the money offerings for goods on the part of those to whom this credit may have been transferred? The general reader, therefore, will no doubt regret the author's refusal to delve more deeply into the question of the power of unused bank credit to work itself into prices through affecting business confidence and entrepreneurial activity. This is all the more disappointing in view of the recent explanation of Governor Harding of the Federal Reserve Board that the increased volume of bank credit is the result, not the cause, of enhanced prices. The reviewer believes that the practical application of this theory is responsible for no small measure of the present economic discontent and of the agitation over the high cost of living.

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#### NEW BOOKS

- BRADY, J. E. *Digest of the banking law journal*. Second edition. (New York: Banking Law Journ. 1919. Pp. xv, 408.)
- BURTON, T. and SELDEN, G. C. *A century of prices*. (New York: Mag. of Wall St. 1919. Pp. 108. \$2.)
- COMBAT, F.-J. *Les opérations de banque*. (Paris: Berger-Levrault. 1919.)
- ESTEY, H. G. *Cost of living in the United States. Bibliography*. (Boston: The author, 38 St. Stephens St. 1919. Pp. 16.)
- FISKE, A. K. *The modern bank. A description of its functions and methods and a brief account of the development and present systems of banking*. (New York: Appleton. 1919. Pp. xiv, 345. \$2.25.)
- HAWTREY, R. G. *Currency and credit*. (London: Longmans. 1919.)
- KNOWLES, M. *Fair average prices in cost of reproduction and the trend of prices after the war*. (Philadelphia: Automatic Printing and Stationery Company, 826 Arch St. 1919. Pp. 15.)
- LESHER, C. E. *Prices of coal and coke 1913-1918*. Mineral resources of the United States, 1918, pt. 2, no. 4. (Washington: Supt. Docs. 1919. Pp. 115.)

- LEWIS, P. G. *The solution. "Fictions in finance" exposed; a financial diagnosis and a financial remedy.* (Milwaukee: Pabst Pub. Co. 1919. Pp. 174.)
- LORENZEN, E. G. *The conflict of laws relating to bills and notes, preceded by a comparative study of the law of bills and notes.* (New Haven: Yale Univ. Press. 1919. Pp. 337.)
- MITCHELL, W. C. *International price comparisons.* (Washington: War Industries Board. 1919. Pp. xii, 395. 25c.)
- MORGAN, G. W. and PARKER, A. J., JR. *Banking law of New York. Chapter 2 of consolidated laws, chapter 369, laws of 1914 with notes, annotations and references.* Fourth edition. (New York: Banks Law Pub. Co. 1919. Pp. vi, 567.)
- NESBITT, F. *The Chicago standard budget for dependent families.* (Chicago: Chicago Council of Social Agencies. 1919. Pp. 39. 1919. 25c.)
- NICHOLSON, J. S. *Inflation of the currency.* (London: King. 1919.)
- OWEN, R. L. *The federal reserve act.* (New York: Harper. 1919. Pp. 107.)

This little book is written purely as a personal reminiscence and will be of chief value in setting forth the views of one who probably had more to do in determining the final form of the Federal Reserve act than any other legislator. It will prove helpful in enabling students to interpret more accurately certain passages of the act which from the standpoint of the framers' intent may seem somewhat ambiguous.

In the words of the author the "backbone of the Federal Reserve act is:

1. A quick available supply of elastic currency for business men;
2. Issued and controlled by the Government;
3. Against adequate security, consisting of gold, commodity or commercial bills or acceptances, and U. S. bonds;
4. Under an interest charge high enough to prevent inflation by compelling contraction."

The author shows how for years despite the most vigorous opposition he fought consistently for these principles. In 1900 in proposing an amendment to a bill contemplating the amendment of the National Bank act he found them unacceptable to Senator Aldrich. When the bitter consequences of the panic of 1907 led to the partial acceptance of these principles in the Aldrich-Vreeland bill there were too many obstructions in the way of quick circulating notes, and Senator Owen pointed out how such an act, while useful in "abating a panic after its occurrence," would not serve to prevent a panic from arising. He who believes that the Federal Reserve act was in large part a copy of the National Monetary Commission's bill will find much of interest in these passages. The

author maintains vigorously that in its fundamentals the act expresses his own rather than Senator Aldrich's views.

This book may appear to place too great emphasis upon the federal reserve system as an institution for providing an elastic currency. Little is said about elasticity of deposit credits, centralized control of interest rates and gold movements, or concentration of bank reserves. But the author reminds us that he had no time to write a comprehensive history of the act. The reader should be careful, therefore, to remember the author's intention.

HAROLD L. REED.

OWEN, R. L. *Foreign exchange*. (New York: Harper. 1919. Pp. 79.)

The principles of foreign exchange are discussed only to the extent necessary to explain the difficulties encountered through the recent depreciation of the dollar in terms of the currencies of Spain and the several Scandinavian countries. The author shows how the use of dollar credits by our wartime allies gave Spanish banks an over-supply of dollar credits and how, as a consequence, the dollar fell to a discount in Spain despite our favorable trade balance with that country. This decline in the dollar exchange rendered more expensive the conduct of the war on the part both of our Allies and ourselves, and, moreover, could not redound to the permanent benefit of Spanish industry. It meant the checking of imports of non-essential war goods from Spain, and accordingly left Spanish industry with more difficult problems of economic reconstruction.

In searching for a remedy for such exchange difficulties the author refuses to place reliance upon private bankers because they are primarily interested in profits and commissions, and the possibilities of exacting these may be even greater in days of great exchange fluctuations. We cannot rely upon any of the existing federal reserve banks because each of these is sufficiently occupied with domestic problems, and no one of them can fail to take into account the special requirements of its own district. The author, therefore, recommends the establishment of a Federal Reserve Foreign Bank equipped with the powers necessary to maintain the dollar at its normal gold par and to provide American trade with the necessary foreign credits.

Now that the dollar discounts have disappeared, much of the author's discussion is no longer pertinent in determining the need for such a bank. But the problem still remains of maintaining the dollar as a medium of international payments and of guaranteeing to American industry and commerce the credits for foreign operations. It is to be hoped that the author will make a further contribution regarding the need for such a bank on the basis of existing difficulties in foreign trade and international finance.

HAROLD L. REED.

SYLVESTER, I. W. *The evolution of money*. (Passaic, N. J.: Daily News Print. 1919. Pp. 48.)

- THOMSON, W. *Dictionary of banking*. Second edition, revised and enlarged. (London: Pitman. 1919. Pp. 633. 30s.)
- TODD, J. A. *The mechanism of exchange. A handbook of currency, banking, and trade in peace and war*. Second edition. (New York: Oxford Press. 1919. Pp. xiv, 273. \$3.75.)
- WALL, A. *The bankers' credit manual*. (Indianapolis: Bobbs-Merrill. 1919. Pp. 248. \$4.)
- Changes in the cost of living, July, 1914-July, 1919*. Research report no. 19. (Boston: National Industrial Conference Board. 1919. Pp. 31.)
- A comparison of prices during the Civil War and present war*. (Washington: U. S. War Industries Board, Division of Planning and Statistics. 1919. Pp. 54.)
- Digest of the federal reserve act, including amendments*. (New York: Guaranty Trust Co. 1919. Pp. 55.)
- The star rare coin encyclopedia*. Eighteenth edition. (Fort Worth, Texas: Numismatic Bank of Texas. 1919. Pp. 207.)
- Wartime changes in the cost of living. July, 1914-March, 1919*. Research report no. 17. (Boston: National Industrial Conference Board. 1919. Pp. 31.)

### Public Finance, Taxation, and Tariff

- The Taxation of Capital*. By SIR ALFRED W. SOWARD and W. E. WILLAN. (London: Waterlow and Sons Limited. 1919. Pp. xvi, 408. 18s. 6d.)

Though called forth by the current British discussions concerning a possible capital levy to defray the costs of the war, this book is mainly concerned with the British "death duties," which are considered to be essentially levies on capital. Especial attention is paid to the history of progressive rates and to the possibilities of double taxation, both domestic and international. The corporation duty is also considered, as a substitute for death duties on property the owner of which never dies.

It is natural that the two authors, being lawyers and government officials, should have emphasized the historico-legal points at the expense of the strictly economic ones. Not that these are wholly neglected: in the first chapter there is a brief outline of the theoretical justifications of the taxation of inheritances, and later there are similar outlines relating to progression in rates and taxable situs. But no new light is shed on what to an economist seems the most vital point in the taxation of capital, its effect on